

## Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EUR-25 NIC-01 CIAE-00 DODE-00 PM-07

H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 COME-00 EB-11 LAB-06 SIL-01 OMB-01

CIEP-03 AID-20 TRSE-00 DRC-01 /159 W

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FM AMEMBASSY BANGKOK

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E.O. 11652: N/A

TAGS: ELAB

SUBJECT: DUSIT THANI STRIKE OVER; IMPROVED LABOR OUTLOOK DESPITE  
LIKELIHOOD OF MORE STRIKES

REF: BANGKOK 14815

1. BEGIN UNCLASSIFIED. MORNING PAPERS SEPTEMBER 18 REPORTED  
CLEAN UP UNDERWAY OF DEBRIS FROM TWO WEEK OLD DUSIT THANI HOTEL  
STRIKE, WITH WORKERS TO REPORT TO HOTEL SEPTEMBER 19 SO IT MAY  
OPEN BY SEPTEMBER 23. THOETPHUM CHAIDI, PRESIDENT OF HOTEL  
AND HOSTEL WORKERS' ASSOCIATION WAS QUOTED BY "NATION" AS  
STATING THAT MANAGEMENT'S DECISION WAS "'QUITE FAIR.'" NINE  
DEMANDS OF THE WORKERS ARE YET TO BE RESOLVED.

2. ACCORDING TO "BANGKOK POST," SHAREHOLDERS OF HOTEL IN  
MEETING HELD SEPTEMBER 17 WERE STRONGLY CRITICAL OF ARBITRATORS'  
DECISION, CONTENDING GOVERNMENT HAD SIDED WITH WORKERS. PAR-  
TICULAR FEATURES OF SETTLEMENT OBJECTED TO WERE REQUIREMENT TO  
PAY TO WORKERS 85 PERCENT OF SERVICE CHARGE, 800 BAHT MINIMUM  
MONTHLY WAGE AND RIGHT OF WORKER REPRESENTATIVES TO INSPECT  
COMPANY BALANCE SHEET. SAME NEWSPAPER SEPTEMBER 17 HAD  
CARRIED FRONT PAGE STORY REPORTING UNNAMED MANAGEMENT SOURCES

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AS CASTING DOUBT ON EARLY OPENING OF HOTEL.

3. REPRESENTATIVES OF EMPLOYEES' ASSOCIATION IN 15 PROVINCES, ACCORDING TO PRESS, HAVE SUBMITTED SEVEN PROPOSALS TO PRIME MINISTER THAT INCLUDE, AMONG OTHERS, A NATIONWIDE MINIMUM WAGE OF 25 BAHT AND VARIOUS SUGGESTIONS FOR PREVENTING AND RESOLVING DISPUTES.

4. MINISTRY OF FINANCE IN EARLY SEPTEMBER WAS DIRECTED BY PRIME MINISTER TO DRAW UP A PLAN FOR WAGES AND BENEFITS FOR ROUGHLY 50,000 WORKERS IN STATE ENTERPRISES. CABINET HAS NOW APPROVED THE FINANCE MINISTER'S PROPOSAL TO INCREASE BASIC SALARIES OF SUCH WORKERS INSTEAD OF GRANTING A FLAT COST-OF-LIVING ALLOWANCE OF 300 BAHT (\$15). WAGE INCREASES OF 200 BAHT TO 500 BAHT PER MONTH HAVE BEEN AUTHORIZED. THE MINIMUM SALARY WILL BE 750 BAHT PER MONTH AND THE MAXIMUM 42,700 BAHT. ALL EMPLOYEES OF STATE ENTERPRISES WILL NOW BE REQUIRED TO PAY THEIR OWN INCOME TAX. END UNCLASSIFIED.

5. COMMENT: ARBITRATORS' DECISION GAVE WORKERS LESS THAN THEIR OWN COMPROMISE OFFER, BUT THEY NEVERTHELESS REGISTERED CLEAR GAINS, PARTICULARLY ON THE FUNDAMENTAL POINT OF INCREASING THE PERCENTAGE OF THE SERVICE CHARGE GOING TO THE EMPLOYEES. OTHER HOTELS WILL FIND IT DIFFICULT TO ENFORCE A LESSER FORMULA. ALTHOUGH THOETPHUM AGAIN DID NOT MANAGE TO RALLY ALL THE WORKER AND STUDENT SUPPORT THAT HE THREATENED TO DO, THE TIMING AND CONTENT OF THE SETTLEMENT WERE SUFFICIENTLY FAVORABLE TO AVOID A LOSS OF FACE AND TO ENHANCE HIS PRESTIGE. MOREOVER, HIS WILLINGNESS TO COMPROMISE AND TO AVOID EXTREME DEMANDS CAN ONLY STRENGTHEN HIS STANDING AS A MODERATE BUT EFFECTIVE SPOKESMAN FOR LABOR.

6. ADDITIONAL STRIKES BY HOTEL AND OTHER WORKERS ARE LIKELY, GIVEN THE EROSION OF WAGES THROUGH INFLATION OVER THE PAST YEAR. NEVERTHELESS, THE OUTLOOK IS NOT THREATENING. THERE HAS BEEN A LEVELLING OFF IN THE COST-OF-LIVING INDEX OVER THE PAST SEVERAL MONTHS; THE GOVERNMENT HAS CONTINUED TO MAKE CLEAR ITS DETERMINATION TO KEEP DOWN PRICES OF SUCH BASIC COMMODITIES AS RICE AND SUGAR; ITS CONTINUED SYMPATHY FOR THE WORKERS' PROBLEMS HAS BEEN LIMITED OFFICIAL USE

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REAFFIRMED; EMPLOYERS GENERALLY WILL READ INTO THE OUTCOME OF THE RECENT STRIKES THE NEED TO MAKE IMPROVEMENTS IN WAGES AND PROBABLY IN WORKING CONDITIONS AS WELL; THERE ARE ONLY A FEW MONTHS LEFT UNTIL THE TRADITIONAL END OF YEAR BONUS PAYMENTS. WITH NATIONAL ELECTIONS NOW SCHEDULED FOR FEBRUARY, IT SHOULD BE POSSIBLE TO HOLD THEM UNDER CONDITIONS OF RELATIVE LABOR CALM. WHAT IS LESS CERTAIN IS THE EXTENT TO WHICH MANAGEMENT MAY SEEK TO COMPENSATE

FOR HIGHER LABOR COSTS AND CONTINUED MARKET UNCERTAINTY  
BY REDUCING EMPLOYMENT. EVEN HERE, HOWEVER, A NEW DETERRENT  
IS THE RECENTLY ENACTED REQUIREMENT FOR SHARPLY INCREASED  
SEPARATION PAY.  
KINTNER

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